

## **Ouch! Assessments Skyrocket**

by RYAN SELF and SCOTT McCAFFREY  
Sun Gazette—

That whooshing you heard across Arlington last week was the sound of billfolds and pocketbooks opening, looking for extra cash to pay higher real estate tax bills.

The strong local real estate market will hit Arlington homeowners in their bank accounts this year, as they face up to another round of double-digit tax assessment increases.

With many assessments up 20 or 30 percent – on top of major increases each of the last two years – pressure will be on for county officials to reduce the current real estate tax rate.

“People are going to say, ‘this is over the line,’” said Wayne Kubicki, a Republican activist and member of the county’s Fiscal Affairs Advisory Commission. “The big brunt of this increase has been borne by residential real estate.”

Kubicki is correct. While the assessed value of all real estate in Arlington is up 15.2 percent (to \$27.1 billion), the assessment for single-family homes and townhouses rose an average of 21.1 percent, and the assessment for condominiums rose an average of 24 percent. Assessments for commercial properties (including apartment buildings) rose less than 10 percent.

Hotels, which were dramatically impacted by the events of Sept. 11, saw an average decline in assessment of approximately 20 percent – a decrease of nearly \$200 million in value, translating to more than \$2 million in lost tax revenue.

For homeowners, however, the story was different. The average assessment for a single-family home rose from \$224,390 to \$269,500. If the tax rate stays the same, the average tax bill will rise \$461.48 to more than \$2,700.

The large assessment increases started to spawn what might be instant urban legends – like the homeowner who called to say his assessment jumped from \$177,000 to \$300,000 in a single bound. But given the state of the real estate market and the catch-up game being played by assessors, it might well be true.

### **Manager Suggests Care With Cuts**

In a memo to County Board members last week, County Manager Ron Carlee appeared to argue against any reduction in the real estate tax rate this year.

“I urge caution in any consideration of tax rate reductions,” said Carlee, who will present his own proposed budget to board members on Feb. 9.

Carlee said that while homeowners would feel a bite this year, the county government’s overall budget would reflect “modest” growth – largely because of a potential loss of state funding as lawmakers in Richmond attempt to balance their own budget.

The assessment office splits the county up into hundreds of neighborhoods for the purpose of valuing property, then groups them into 11 geographic areas.

In 2002, single-family assessment rose an average of between 15 percent and 27 percent in those areas. The biggest hit occurred in Area 8, in the west-central part of the county north of Columbia Pike. Average home prices rose from \$145,459 to \$180,539 in that corridor.

County Board member Jay Fisette, whose own home assessment increased by more than 20 percent this year, said homeowners just had to take such things in stride.

Rising assessments are “a fact of life” given the state of the real estate market, Fisette told the Sun Gazette.

### Demand Is the Key

After nearly a decade of stagnant price appreciation in the local real estate market, prices began to shoot up three years ago and have not stopped since. Arlington’s close-in location has made it especially popular with some homebuyers.

As a reflection of demand for the in-close location, many local homes are worth considerably less than the land they sit on. And while, for the most part, the portion of the assessment for buildings has risen modestly, the portion for land has increased more dramatically.

While the assessment increases are high, in most cases assessments still only represent about 80 to 90 percent of a home’s fair market value, sometimes less, despite the requirement that it reflect 100 percent of total value.

Kubicki said that from what he has seen, the assessments on residential properties are not overvalued.

“It’s not an assessment issue,” he said.

The budget process formally begins the second week in February, when Carlee submits a budget proposal to County Board members. The actual budget will be finalized, and tax rates set, by April.

The current real estate tax rate is \$1.023 per \$100 assessed valuation. For a home valued at \$300,000, the total annual tax bill would be \$3,069.

Arlington’s tax rate remains the lowest among major jurisdictions in Northern Virginia, largely because of the heavy commercial real estate base in the county. Commercial properties (except apartments) generally pay more than their share, requiring little in services.

Homeowners, however, are the reverse. A household with two children in public school will cost the county government more than \$20,000 per year to support, even though their real estate taxes will pay but a fraction of that.

(Arlington also is helped from a fiscal perspective by the fact that only 20 percent of households have children in the public schools, low compared to neighboring jurisdictions. The per-student cost for Arlington Public Schools is more than \$10,000 per year, most of it coming from county taxpayers.)

But increased bills will be a burden to the large group of retired Arlingtonians or others on fixed incomes.

“I’m a retired widow trying to hold onto my home,” said one Maywood resident who called the Sun Gazette to complain about her assessment, which jumped \$35,200. “If they raise the tax rate, I guess this is the end of me in Arlington.”

### Taking on the Tax Man

Assessments were mailed out last week. Homeowners will have until March 1 to decide whether they want to appeal reassessments through the Department of Real Estate Assessments. Those who go through the review process and are still dissatisfied have until April 15 to appeal to the Board of Equalization.

Real estate taxes are billed by the county treasurer’s office in two installments, payable June 5 and Oct. 5. Many homeowners pay their taxes through their mortgage company, rather than directly to the county.

Arlington County offers tax relief to the elderly who have income of less than \$52,000 per year and meet other requirements.

For those who want to let the County Board know how they feel about tax rates, a public hearing has been scheduled for March 21.

For information on real estate assessments, and to look up the assessment on any property in Arlington, see the Web site at [www.co.arlington.va.us/dmf/realest.htm](http://www.co.arlington.va.us/dmf/realest.htm).